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June 6, 2007

HAND DELIVERED

Ernest Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007-2996

Arizona Corporation Commission
DOCKETED

JUN -6 2007

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Re: *Report Regarding Layoff of AT&T Employee in Arizona Pursuant to Decision No. 68865; Docket Nos. T-02428A-06-0203, T-03016A-06-0203, T-03116A-06-0203, T-03287A-06-0203 and T-03346A-06-0203*

Dear Mr. Johnson:

On behalf of AT&T Inc. ("AT&T"), the purpose of this report is to provide further information regarding the layoff of the one (1) AT&T employee located in Arizona that was given notice of a surplus condition and for which AT&T provided the Commission notice on February 5, 2007. This report is provided pursuant to the first ordering paragraph at page 10 of Decision No. 68865.

The employee was a pre-merger AT&T management employee. The layoff was necessary due to AT&T consolidating its operations of the billing integrity management (also referred to as "credit and collections") unit into a larger center in order to improve efficiencies and take advantage of scale. The force reduction involved a management employee that did not wish to seek an internal opportunity within AT&T, as he had already found external employment.

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The layoff did not involve a facility closing as AT&T is still conducting business at its Mesa campus. AT&T will realize some cost savings due to the reduced headcount and reduced expenses associated with the consolidation of similar operations into fewer centers. The savings will allow AT&T to be more competitive and viable in the marketplace.

Very truly yours,

GALLAGHER & KENNEDY, P.A.

A handwritten signature in black ink, appearing to read "Michael M. Grant", with a long horizontal flourish extending to the right.

By:

Michael M. Grant

MMG/plp
17840-3/1569773

cc: Ernest Johnson, Utilities Division (delivered)

Original and 23 copies filed with Docket
Control this 6th day of June, 2007.